



CITY OF INGLEWOOD

OFFICE OF THE CITY MANAGER



DATE: January 27, 2016

TO: Oversight Board to the City of Inglewood as Successor Agency

FROM: City Manager's Office

SUBJECT: Adoption of Resolutions Approving ROPS 16-17 or the Period between July 1, 2016 through June 30, 2017 and Approving the Successor Agency Administrative Budget

RECOMMENDATION:

It is recommended that the Oversight Board of the City of Inglewood adopt Resolutions taking the following actions:

1. Approve the July 1, 2016, through June 30, 2017, Recognized Obligation Payment Schedule (ROPS16-17) for submittal to the Department of Finance (DOF); and
2. Approve the Administrative Budget for the ROPS 16-17 period. (Redevelopment Property Tax Trust Fund (RPTTF))

BACKGROUND:

As of February 1, 2012, all California Redevelopment Agencies were officially dissolved when the State of California enacted Assembly Bill 26 (AB 26). The City of Inglewood as Successor Agency to the former Inglewood Redevelopment Agency (Successor Agency) is now tasked with winding down the affairs of the former Inglewood Redevelopment Agency (Former Agency), including: (1) implementing the administrative activities of the Successor Agency as required by AB 26; (2) managing the new construction of the Senior Center, (3) the reconstruction of Century Boulevard Project; (4) renovation of parking structure number 2 on Locus Street, and (5) implementing the Long-Range Property Management Plan with regard to the sale and disposition of various Successor Agency-owned real properties, including the liquidation of all Successor Agency non-real property assets such as cash, bonds, notes, etc. Proceeds generated from the sale of these properties and assets will be allocated and distributed to various Los Angeles County taxing entities, school districts, and other local taxing agencies including the City of Inglewood (City), all as required by AB 26.

The format of the Recognized Obligation Payment Schedule (ROPS) is prescribed by forms provided by the California State Department of Finance (DOF). These forms are used by the Los Angeles County Auditor Controller to determine the amount of funds that will be allocated to the Successor Agency as Redevelopment Property Tax Trust Funds (RPTTF). Following approval by the Successor Agency, the ROPS will be forwarded to the City of Inglewood Oversight Board (Oversight Board) for approval by resolution as required by AB 1484. The ROPS and the Resolutions evidencing Oversight Board action are submitted electronically to the DOF.

DISCUSSION:

SB107 changed the ROPS submittal period from biannual to annual. This will be the first year the Successor Agency is processing an annual ROPS form that projects expenditures during July 1, 2016, to June 30, 2017. The funding sources to pay the expenditures include RPTTF, parking revenue, and tax exempt bonds and bill board sign rentals.

These same revenues are also the source of funding to pay for administrative costs necessary to wind-down the activities of the Successor Agency. Per AB26 the administrative allowance is capped at 3% of the property tax revenues allocated to the Successor Agency each year provided it is no less than \$250,000 in any one year. The Successor Agency has averaged approximately \$550,000 annually. Some of the activities to be undertaken for the next ROPS period include implementation of the Long Range Property Management Plan, acquisition assistance with right of way acquisitions for the Century Blvd Reconstruction project, and management of public safety capital improvements to Parking Structure 2 on Locust Street. Other annual administrative duties include preparing various legally required administrative reports, such as the ROPS, maintaining financial records, managing annual audits, monitoring contracts, and researching various requirements that emerge as a result of new AB 26 related legislation as well as newly established policies and procedures of the State Legislature and/or DOF.

Indirect costs supported by the administrative allowance include certain Successor Agency functions performed by the Assistant City Manager, the City's finance department, the City Attorney's Office, and the City Manager's Office. The administrative budget also covers the cost of Successor Agency staff involved in the day-to-day operations of the Successor Agency. Staffing may be variable based on the level of unwinding activities that exist and the number of full time and part time staff required to perform these services. This fund may also cover various consultant services required as part of the implementation of the Long Range Property Management Plan not covered by RPTTF.

A Finding of Completion was issued to the Successor Agency by DOF on December 29, 2014. The Successor Agency is now authorized to expend bond proceeds that are targeted for the construction of the new Senior Center, reconstruction of Century Boulevard, and the public safety capital improvements for Parking Structure 2.

The Oversight Board is being asked to consider certain approval actions by adopting two resolutions. The first resolution approves the ROPS for the period of July 1, 2016, to June 30, 2017 (Attachment 1) and makes certain findings pursuant to Section 34176(g) of the Health & Safety Code. The second resolution approves the administrative budget (Attachment 2). Both resolutions, if adopted by the Successor Agency, will be submitted to the State of California Finance Department for approval

The ROPS will not be effective until approved by the Oversight Board, provided to the Los Angeles County Auditor Controller, and approved by DOF and the State Controller. The ROPS must also be posted on the Successor Agency's website; www.cityofinglewood.org The ROPS shall become final and effective once DOF provides a written approval determination letter. The deadline for submittal of ROPS 16-17 to DOF is February 1, 2016. There are penalties if the Successor Agency does not meet this deadline.

FINANCIAL/FUNDING ISSUES AND SOURCES:

Approval of the ROPS will ultimately result in an allocation of the RPTTF to the Successor Agency in two payments during the period of July 1, 2016, to December 30, 2017. They continue to be referred to as an A and B payment period. The actual amount of funds to be received will not be known until the Los Angeles County Tax Collector completes its collection of all property taxes for that period. Historically, the ROPS “B” period has generated approximately \$7,500,000, while the ROPS “A” period has generated approximately \$10,300,000. When ROPS expenditures exceed the amount of the RPTTF available, unfunded obligations are carried over to the next ROPS period. Unfunded obligations may also be paid for from the proceeds of property sales.

DESCRIPTION OF ANY ATTACHMENTS:

Attachment 1 Resolution Approving ROPS 16-17

Attachment 2 Resolution Approving the Administrative Budget for ROPS 16-17

APPROVAL VERIFICATION

Prepared and Presented By Margarita Cruz, Oversight Board Member

Reviewed and Approved by Royce Jones, Legal Counsel to the Successor Agency

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3 A RESOLUTION OF THE OVERSIGHT BOARD TO
4 THE CITY OF INGLEWOOD AS SUCCESSOR
5 AGENCY APPROVING A RECOGNIZED OBLIGATION
6 PAYMENT SCHEDULE FOR July 1, 2016 THROUGH
7 June 30, 2016 (ROPS16-17)

9 **WHEREAS**, Assembly Bill x1 26 (“AB26”) and AB x 27 (“ABx127”) were passed
0 by the State Legislature on June 15, 2011, and signed by the Governor on
1 June 28, 2011, and
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3 **WHEREAS**, by enactment of Part 1.85 of Division 24 of the Health and Safety
4 Code, subject to all reservations herein stated, the Inglewood Redevelopment Agency
5 was legally and effectively dissolved February 1, 2012, such that the Inglewood
6 Redevelopment Agency shall now be deemed the former Inglewood Redevelopment
7 Agency under Health and Safety Code section 34173(a); and
8

9 **WHEREAS**, Health and Safety Code section 34173(a) designates successor
0 agencies as successor entities to former redevelopment agencies; and

1 **WHEREAS**, Health and Safety Code section 34179(a) establishes an oversight
2 board for each successor entity to former redevelopment agencies; and

4 **WHEREAS**, on January 10, 2012 by H12-01/ 12-02, the City Council of the City
5 of Inglewood declared itself as the successor agency upon the dissolution of the
6 Inglewood Redevelopment Agency (“Successor Agency”), subject to all reservations
7 stated in such resolution; and thereafter, this oversight board to the Successor Agency

1 (“Oversight Board”) was formed pursuant to Health & Safety Code section 34179(a);
2 and

3 **WHEREAS**, the California Supreme Court in California Redevelopment
4 Association v. Matosantos, Case No. S194861 upheld the constitutionality of ABx26;
5 and
6

7 **WHEREAS**, California Health and Safety Code Section 34169(h) provides that
8 a successor agency must prepare a Recognized Obligations Payment Schedule
9 (“ROPS”) every six months after the initial ROPS period; and
10

11 **WHEREAS**, under California Health and Safety Code section 34180(g), the
12 oversight board is to approve the successor agency actions concerning its approval of
13 the ROPS which includes approval of administrative cost allowances under California
14 Health & Safety Code section 34177(l)(1)(D); and

15 **WHEREAS**, on January 26, 2016, the Successor Agency adopted a resolutions
16 recommending that the Oversight Board approve the ROPS 15-16B; and
17

18 **WHEREAS**, the ROPS submitted with this Resolution identifies each
19 enforceable obligation for which payments will be required during the period of June
20 1, 2016, through June 30, 2017 and specifies that the ROPS conform to the State
21 Department of Finance (“DOF”) format,
22

23 **NOW, THEREFORE**, the Oversight Board to the City of Inglewood as the
24 Successor Agency to the former Inglewood Redevelopment Agency DOES HEREBY
25 FIND, DETERMINE, RESOLVE, AND ORDER as follows:

26 Section 1. The foregoing recitals are true and correct.
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1 Section 2. All legal prerequisites to the adoption of this Resolution have
2 occurred.

3 Section 3. The attached ROPS is hereby adopted.

4 Section 4. The Successor Agency staff is authorized to administratively
5 amend the ROPS in order to remove such line items that are subsequently
6 disapproved by DOF or to accommodate requests made by the County Auditor-
7 Controller.
8

9 Section 6. The Successor Agency's Executive Director, or designee, is
10 hereby authorized to take such actions as are necessary and appropriate to comply
11 with AB 26.
12

13 Section 7. This Resolution shall take effect immediately upon adoption.

14 Section 8. The Oversight Board's Secretary shall certify as to the adoption of
15 this resolution.
16

17 PASSED, APPROVED and ADOPTED by the Oversight Board to the City of
18 Inglewood as the Successor Agency to the former Inglewood Redevelopment Agency,
19 at a regularly scheduled meeting held this ____ day of _____, 2016, by
20 the following vote:
21

22 Yes:

23 No:

24 Abstain:

25 _____
26 James T. Butts, Chairman

27 _____
28 Olga J. Castañeda, Deputy Clerk
County of Los Angeles, Board of Supervisors
Acting as Secretary to the City of Inglewood

1 Former Redevelopment Agency Oversight Board

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1 **WHEREAS**, the California Supreme Court in California Redevelopment
2 Association v. Matosantos, Case No. S194861 upheld the constitutionality of ABx26;
3 and
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5 **WHEREAS**, as part of the submission and approval of the Recognized
6 Obligations Payment Schedule (“ROPS”), the Successor Agency is required to submit
7 a copy of a Successor Agency approved Administrative Allowance Budget to the
8 Oversight Board, for consideration and approval under California Health & Safety
9 Code section 34177(l)(1)(D); and
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11 **WHEREAS**, on January 26, 2016, the Successor Agency adopted resolution
12 recommending that the Oversight Board approve Administrative Budget for ROPS 16-
13 17; and
14

15 **WHEREAS**, the Successor Agency may administratively modify positions listed
16 to provide the skills required to manage any projects that are taking place provided the
17 addition or upgrade of any position does not cause the Administrative Budget to
18 exceed the three percent (3%) maximum; and
19

20 **WHEREAS**, the Successor Agency may administratively modify line items listed
21 to respond to the support services needed to manage any projects that are taking
22 place provided the modifications do not cause the Administrative Budget to exceed the
23 three percent (3%); and
24

25 **WHEREAS**, the Successor Agency has ongoing redevelopment projects
26 throughout the City of Inglewood necessitating staff support to complete these projects
27 and related tasks, including but not limited to, preparing the Recognized Obligations
28 Payment Schedules (“ROPS”) and budgets, overseeing consultant contracts and
assignments, managing all remaining project implementation, real property

1 dispositions as well as ensuring compliance with the requirements of AB 26, AB
2 1484 and SB 107, as amended from time to time, and other related and needed
3 activities, and

4 **WHEREAS**, upon approval by the Oversight Board, the Successor Agency is
5 required to submit a copy of the approved Administrative Budget to the State of
6 California Controller ("Controller's Office") and the State of California Department of
7 Finance ("DOF"),

8 **NOW, THEREFORE**, the Oversight Board to the Successor Agency of the
9 former Inglewood Redevelopment Agency does hereby resolve as follows:

10 **SECTION 1.** The Recitals set forth above are true and correct and are
11 incorporated into the Resolution by this reference.

12 **SECTION 2.** The Oversight Board hereby approves and adopts the
13 Administrative Allowance Budget in substantially the form attached to this Resolution
14 as Exhibit A.

15 **SECTION 3.** The Oversight Board directs staff to submit copies of the
16 Administrative Allowance Budget approved by the Successor Agency to the DOF and
17 the Controller's Office prior to February 1, 2016.

18 **SECTION 4.** If any provision of this Resolution or the application of any
19 such provision to any person or circumstance is held invalid, such invalidity shall not
20 affect other provisions or applications of this Resolution or the applications of this
21 Resolution that can be given effect without the invalid provision or application, and to
22 this end the provisions of this Resolution are severable. The Oversight Board declares
23 that the Oversight Board would have adopted this Resolution irrespective of the
24 invalidity of any particular portion of this Resolution.
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26 **Section 5.** The Oversight Board Secretary shall certify as to the adoption of
27 this Resolution.
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Section 6. This Resolution shall take effect immediately upon adoption.

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PASSED, APPROVED AND ADOPTED by the Oversight Board to the former
Inglewood Redevelopment Agency, at a regularly scheduled meeting held this
_____ day of _____, 2016.

Yes:
No:
Abstain:

James T. Butts, Chairman

ATTEST:

Olga J. Castañeda, Deputy Clerk
County of Los Angeles Board of Supervisors
Acting as Secretary to the City
Of Inglewood Former Redevelopment
Agency Oversight Board